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STATE AUDITOR

ITINERIS EARLY COLLEGE HIGH SCHOOL
(A Program of the General Fund of Jordan School District)

FINANCIAL STATEMENTS
and Report in Accordance with
Government Auditing Standards

Years Ended June 30, 2005 and 2004

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INDEPENDENT AUDITOR'S REPORT

Board of Education of Jordan School District
Itineris Early College High School

We have audited the accompanying financial statements of Itineris Early College High School, a program of the general fund of Jordan School District, as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of Itineris Early College High School management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Itineris Early College High School, a program of the general fund of Jordan School District, and do not purport to, and do not, present fairly the financial position of Jordan School District as of June 30, 2005 and 2004, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Itineris Early College High School as of June 30, 2005 and 2004, and the respective changes in financial position and the respective budgetary comparison for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005, on our consideration of Itineris Early College High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Squire & Company, PC

September 16, 2005

ITINERIS EARLY COLLEGE HIGH SCHOOL
(A Program of the General Fund of Jordan School District)
BALANCE SHEETS

June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash	\$ 43,942	\$ 26,065
Investments	-	123,213
Accounts receivable:		
Local sources	-	496
Federal sources	150,000	-
Total assets	<u>\$ 193,942</u>	<u>\$ 149,774</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 23,418	\$ 3,591
Accrued salaries and related benefits	31,247	-
Due to Jordan School District	139,277	-
Deferred local revenue	-	146,183
Total liabilities	<u>193,942</u>	<u>149,774</u>
Fund balance, unreserved	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 193,942</u>	<u>\$ 149,774</u>

The notes to the financial statements are an integral part of these financial statements.

ITINERIS EARLY COLLEGE HIGH SCHOOL
(A Program of the General Fund of Jordan School District)
Statements of Revenues, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2005 and 2004

	2005	2004
REVENUES		
Local sources:		
Grants	\$ 958,634	\$ 343,002
Other	5,950	2,345
Total local sources	964,584	345,347
State sources	370,928	-
Federal sources	310,587	18,465
Total revenues	1,646,099	363,812
EXPENDITURES		
Instruction	1,247,588	26,634
Supporting services:		
Students	114,693	41,114
Instructional staff	126,808	201,578
School administration	154,320	94,486
Accounting and purchasing	2,690	-
Total expenditures	1,646,099	363,812
Excess of Revenues Over Expenditures	-	-
Fund Balance - Beginning	-	-
Fund Balance - Ending	\$ -	\$ -

The notes to the financial statements are an integral part of these financial statements.

ITINERIS EARLY COLLEGE HIGH SCHOOL
(A Program of the General Fund of Jordan School District)
Statements of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Years Ended June 30, 2005 and 2004

	<u>2005</u>		<u>2004</u>	
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>
REVENUES				
Local sources:				
Grants	\$ 841,774	\$ 958,634	\$ 541,285	\$ 343,002
Other	-	5,950	-	2,345
Total local sources	841,774	964,584	541,285	345,347
State sources	368,277	370,928	-	-
Federal sources	310,587	310,587	-	18,465
Total revenues	1,520,638	1,646,099	541,285	363,812
EXPENDITURES				
Instruction	930,089	1,247,588	10,500	26,634
Supporting services:				
Students	101,925	114,693	53,398	41,114
Instructional staff	374,112	126,808	378,592	201,578
School administration	114,512	154,320	98,795	94,486
Accounting and purchasing	-	2,690	-	-
Total expenditures	1,520,638	1,646,099	541,285	363,812
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these financial statements.

ITINERIS EARLY COLLEGE HIGH SCHOOL
(A Program of the General Fund of Jordan School District)
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accounting policies of Itineris Early College High School (the School) are in compliance with accounting principles generally accepted in the United States of America that are applicable to local governmental units and school districts. The following is a summary of the more significant policies:

The Reporting Entity – Although the School reports its financial statements separately, it is a program within the general fund of Jordan School District (the District).

Financial Statements – These financial statements represent the School only; they do not represent the Jordan School District as a whole. The basic financial statements of Jordan School District are published within the District's 2005 Comprehensive Annual Financial Report and are available by contacting the Office of the Deputy Superintendent for Business Services, Jordan School District, 9361 South 300 East, Sandy, Utah 84070 or (801) 567-8100.

Basis of Accounting – The flow of current financial resources measurement focus and the modified accrual basis of accounting is followed by the School. The modified accrual basis of accounting is used by the District in its general fund in conformity with generally accepted accounting principles for governmental entities.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon thereafter to pay liabilities of the current period. All primary revenue sources in the general fund have been treated as susceptible to accrual. Therefore, the School records revenues when reimbursable contract services are rendered. Expenditures are recorded when the related fund liability is incurred.

Budgetary Data – The Statements of Program Revenues and Expenditures – Budget and Actual have been prepared on the modified accrual basis of accounting. The School prepares budgets in conjunction with the District's budgeting process. The District's 2005 Comprehensive Annual Financial Report should be referred to for a description of the budgetary process.

Accounts Receivable – Accounts receivable as of June 30, 2005 and 2004, for the School represents amounts owed to the School from local entities and federal grants to be received from the State. All amounts are considered collectible; accordingly, no allowance for doubtful accounts has been established.

Deferred Revenue – Deferred revenue as of June 30, 2005 and 2004, for the School represents amounts received on local grants whose purpose restrictions have not yet been met. Revenue is recognized on restricted grants only when all restrictions on those funds are satisfied.

ITINERIS EARLY COLLEGE HIGH SCHOOL
(A Program of the General Fund of Jordan School District)
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Expenditures Compared to Budget – Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. The District's budgetary control is exercised at the overall fund level. Expenditures may not legally exceed budget appropriations at the fund level.

Note 2. Deposits and Investments

Deposits and investments are carried and reported at fair value. The School pools its investments with the District, totaling \$0 and \$123,213 at June 30, 2005 and 2004, respectively. On June 30, 2005, the bank balance of cash on deposit totaled \$43,942; all of which was covered by Federal depository insurance. No deposits are collateralized nor is collateralization required by state statute.

The School follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Title 51, Chapter 7). For more information on this Act, please refer to the District's Comprehensive Annual Financial Report.

Note 3. Capital Assets

Costs incurred for the purchase of equipment are recorded as expenditures by the School. Equipment costing \$2,000 or more is capitalized at cost and depreciated over their useful lives in the District's government-wide financial statements (statement of net assets and statement of activities) as presented in the District's 2005 Comprehensive Annual Financial Report.

During the year ended June 30, 2005, the School received grants from local sources which were used primarily to acquire equipment and to construct facilities for the School. These costs are included in instruction expenditures.

Note 4. Other Information

Please refer to the District's 2005 Comprehensive Annual Financial Report for information regarding retirement plans, benefits, and risk management.



**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Education of Jordan School District
Itineris Early College High School

We have audited the financial statements of Itineris Early College High School (a program of the general fund of Jordan School District) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Itineris Early College High School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Itineris Early College High School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified users.

Squire & Company, PC

September 16, 2005